

FSC-83-A	4/26/96	TO: ROM		
SUBJECT:	Second Quarter 1996 Competitive Promotional Response - Pricing Strategies			
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As a result of PM's aggressive summer program promotional activity and competitive savings anticipated response, we are adjusting our corporate pricing strategies. These changes take effect on 5/6/96 and remain in place until further notice. Current strategy should extend through 5/3/96.

The following key points should be emphasized when communicating our strategy throughout your region.

1. Full-Price Gap Strategy

- Primary trigger includes a branded savings competitor discount and/or a Marlboro discount response.
- Secondary full-price trigger includes revised response to:
 - Marlboro B4G1F
 - Basic B2G1F
- Highly responsive market values have been removed.

2. SALEM Matching Strategy includes a response to Marlboro Menthol Discounting.

3. No changes to Savings Ceiling Strategy.

Effective 5/6/96, following are the execution guidelines for our pricing strategies, several execution illustrations, and a newly revised pricing strategy decision tree.

Program Contacts: Your Area Manager of Operations

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R. J. REYNOLDS TOBACCO COMPANY

Sales	Retail
1221 ALL	ALL
1222 //	ALL
1223 //	ALL
1224 //	ALL
1225 //	ALL
1226 //	ROM
1227 //	PC SC
1228 //	MC PA
1229 //	
1240	RSM RBM

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